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Message Text

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ACTION EB-08

INFO OCT-01 EA-10 NEA-10 ISO-00 SOE-02 AID-05 CEA-01
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SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /127 W
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FM AMEMBASSY NEW DELHI
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INFO AMEMBASSY COLOMBO
AMEMBASSY SINGAPORE
AMCONSUL BOMBAY
AMCONSUL MADRAS
AMCONSUL CALCUTTA

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DEPT PLEASE PASS TO USGS USBURMINES AND DOE

E.O. 11652: N/A
TAGS: ENRG, IN
SUBJECT: OFFSHORE OIL DEVELOPMENTS

1. THE FOLLOWING MESSAGE IS BASED ON THE RESOURCES ATTACHE'S RECENT TRIP TO THE OFFSHORE BOMBAY HIGH (BH) OIL FIELD ON FEBRUARY 12, 1978 IN THE COMPANY OF THE AMBASSADOR.

2. CURRENT CRUDE PRODUCTION FROM THE BOMBAY HIGH IS NOW RUNNING AT ABOUT 80,000 BBL/D, UP FROM 60,000 BBL/D AT CLOSE OF 1977. THE NEW LEVEL WAS REACHED JANUARY 16, 1978 WHEN FOUR WELLS FROM PLATFORM 'E' CAME ONSTREAM INCREASING THE NUMBER OF PRODUCTION WELLS TO 16. BY JUNE ONGC HOPES TO HAVE 4 ADDITIONAL OPERATIONAL WELLS ON PLATFORM 'B' INCREASING THE FLOW TO 100,000 BBL/D (EQUIVALENT TO 5 MILLION METRIC TONS PER YEAR). MODIFICATIONS ARE NOW BEING MADE TO INCREASE THE
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PROCESSING CAPABILITIES ON PLATFORMS 'A' AND 'C' FROM 40,000 TO 50,000 BBL/D. AT THE SAME TIME, GAS NOW BEING FLARED IS AT THE RATE OF ONE MILLION CUBIC METERS PER DAY, ACCORDING TO ONGC OFFICIALS.

3. PLANS CALL FOR COMPLETING AND TESTING THE TWO 202 KM. SUBSEA PIPELINES (26" GAS AND 30" CRUDE) BEING INSTALLED BY

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BROWN & ROOT (B&R) (US) BY MAY END 1978. DURING RECENT VISIT TO BROWN & ROOT'S GAS PIPE LAYING BARGE "347 NEAR BH, COMPANY OFFICIALS TOLD EMBOFF THAT BOTH LINES WERE AHEAD OF SCHEDULE. THIS HAD BEEN MADE POSSIBLE BY THE AUTOMATIC WELDING TECHNIQUE. DESPITE A WET BUCKLE IN THE CRUDE LINE CAUSING A TEMPORARY SHUTDOWN OF THIS OPERATION, B&R EXPECTS TO COMPLETE LAYING OF BOTH LINES BY END OF FEBRUARY AND TRENCHING BY END OF MARCH. BOTH LINES ARE BEING INSTALLED SIMULTANEOUSLY USING SEPARATE BARGES.

4. IN ADDITION TO THE SUBSEA LINES, TWO OTHER PIPELINE SUGMENTS MUST ALSO BE INSTALLED BEFORE JUNE IF THE SYSTEM IS TO BECOME OPERATIONAL ON SCHEDULE. LAND & MARINE (DUTCH) AND DODSAL (INDIA) HAVE THE CONTRACT FOR THE PIPELINE SEGMENT BETWEEN THE URAN TERMINAL AND NEVA BUND, AND MCDERMOTT FOR THE 10.4 KM BAY LINE FROM NEVA BUND TO THE TROMBAY REFINERY. THIS INVOLVES 4 LINES - 36 CRUDE, 18" GAS AND TWO 8" SPECIAL GAS LINES. MCDERMOTT'S CONTRACT ALSO CALLS FOR TWO LINES FOR CRUDE (36") AND GAS (18") FROM TROMBAY TO BUTCHER ISLAND. A GAS FRACTIONATION AND CRUDE STABILIZATION PLANST ARE ALSO CALLED FOR AT THE ONSHORE TERMINAL FACILITY, BUT NOT CONSIDERED ESSENTIAL BY ONGC FOR PUTTING THE PIPELINES ONSTREAM.

5. BY JUNE 1979, ONGC ANTICIPATES ADDING AT LEAST ONE MILLION MT OF CRUDE FROM THE BASSEIN NORTH FIELD. BEFORE YEAR END 1979, WORK SHOULD BEGIN ON THE 160,000 BBL/D PUMPING AND PRO-
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CESSING PLATFORM FOR THE BH WHICH WILL EVENTUALLY BRING THIS FIELD TO THE 8-10 MILLION MT PER ANNUM TARGET SET FOR 1980-81.

6. WHILE ONGC'S MAJOR FOCUS IS ON BH, EXPLORATION IS CONTINUING IN OTHER OFFSHORE AREAS. EXPLORATORY DRILLING ACCORDING TO DR. RAMASWAMY, MEMBER EXPLORATION, IS NOW BEING CARRIED OUT ON THE SOUTH TAPTI STRUCTURE, WHERE GAS HAS BEEN DISCOVERED, AND AT SOUTH BASSEIN, A MAJOR NATURAL GAS FIELD. SOUTH BASSEIN STRUCTURE IS ESTIMATED BY ONGC OFFICIALS TO BE ONE-THIRD THE SIZE OF THE WORLD'S LARGEST "FRIGG" GAS FIELD IN THE NORTH SEA WITH A PRODUCTION CAPABILITY OF 10-12 MILLION CUBIC METERS OF GAS PER DAY. FURTHER TESTS ARE TO BE RUN ON THE TAPTI STRUCTURE BEFORE ESTIMATING THE POTENTIAL OF THIS FIELD.

7. MEANWHILE, ONGC IS NEGOTIATING FOR TWO NEW RIGS TO CARRY OUR EXPLORATION OFF THE KERALA, GODAVRI AND ANDAMAN ISLAND COASTS. SUBJECT TO GOI APPROVAL, ONGC IS EXPECTED TO OPT FOR ATWOOD OCEANICS "BIG JOHN" RIG, A CONVERTED RAILROAD BARGE AND POSSIBLY "DISCOVERY III", A SELF-PROPELLED DRILL SHIP OWNED BY OFFSHORE INTERNATIONAL. IT REMAINS QUESTIONABLE, HOWEVER, WHETHER ONGC WILL RENEW THE CONTRACT ON ATWOOD'S

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"GETTYSBURG" WHICH EXPIRES END MAY BECAUSE OF THE RATE IN-
CREASE THE US FIRM IS SEEKING. ONGC INTENDS TO RELEASE THE
NORWEGIAN RIG "HAAKON MAGNUS" WHEN THE CONTRACT EXPIRES IN
SEVERAL WEEKS.

8. WITH A DUTCH GRANT PREVIOUSLY EARMARKED FOR A PIPE LAY-
ING BARGE, ONGC IS NOW NEGOTIATING FOR A JACKUP RIG TO BE
BUILT ALONG U.S. DESIGNS BY THE ROTTERDAM DOCKYARDS. MOST
OF THE EQUIPMENT IS ANTICIPATED TO COME FROM THE U.S.

9. RAMASWAMY TOLD RESOURCES ATTACHE THAT GOI MAY BE RE-
EXAMINING ITS TOTAL ENERGY SITUATION WITH A VIEW TOWARD CON-
SERVATION. IN OUR OPINION, IF THE GOI WERE TO ADOPT SUCH A
STANCE, OIL EXPLORATION WOULD LIKELY CONTINUE, BUT THERE WOULD
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NOT BE THE URGENCY TO PUT NEW FIELDS INTO PRODUCTION. EX-
PRESSING A PERSONAL VIEW, RAMASWAMY IMPLIED THAT THE ONSHORE
EXPLORATION POLICIES NEEDED REVAMPING. HE SAID THAT WHILE
ONSHORE DRILLING COSTS WERE LOWER, DRILLING OPERATIONS TENDED
TO DRAG ON FOR MONTHS OR EVEN YEARS ACTUALLY RESULTING IN
HIGHER COSTS PER WELL IN THE END THAN OFFSHORE. HE ALSO
LEANED TOWARD FOREIGN PARTICIPATION AS POSSIBLE SOLUTION TO
FINDING NEW OIL FIELDS IN UNPROVEN ONSHORE AREAS.

10. COMMENT: DESPITE AN ANTICIPATED INCREASE IN BH CRUDE
RESULTING FROM COMPLETION OF THE SUBSEA PIPELINES, TOTAL OFF-
SHORE PRODUCTION IS LIKELY TO EXCEED 4.0-4.2 MILLION MT THIS
YEAR COMBINED WITH SOMETHING LESS THAN 9.0 MILLION MT FROM
ONSHORE FIELDS. WITH TOTAL DOMESTIC CRUDE PRODUCTION, AT
AROUND 13 MILLION MT FOR 1977 WE FORESEE LITTLE CHANGE IN THE
IMPORT PICTURE THIS YEAR. LIKEWISE, WE DO NOT EXPECT ANY
APPRECIABLE IMPACT FROM THE BH UNTIL THE 160,000 BBL/D PUMP-
ING PROCESSING PLATFORM AND THREE ADDITIONAL PRODUCTION PLAT-
FORMS ARE INSTALLED AT BH DURING 1979-80. WHILE THERE HAS BEEN
AN URGENCY TO CAPTURE THE GAS BEING FLARED OFFSHORE THE
ECONOMIC USE OF THIS GAS REMAINS QUESTIONABLE IN THE ABSENCE
OF A PETRO-CHEMICAL COMPLEX.

DECLASSIFY UPON ARRIVAL.
GOHEEN

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